

SENATE BILL 397

By Haile

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 3; Title 56, Chapter 7 and Title 71, Chapter 5, relative to pharmacy benefits managers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 3, Part 10, is amended by adding the following as a new section:

(a) As used in this section:

(1) "Covered individual" and "health insurance plan" have the same meanings as defined in § 56-60-102; and

(2) "Pharmacy" and "pharmacy benefits manager" have the same meanings as defined in § 56-7-3102.

(b) No state agency shall enter into, or renew, a state pharmacy benefits management contract with a pharmacy benefits manager that:

(1) Requires that a covered individual use a retail pharmacy, mail order pharmacy, specialty pharmacy, or other entity providing pharmacy services:

(A) In which the pharmacy benefits manager has an ownership interest; or

(B) That has an ownership interest in the pharmacy benefits manager; or

(2)

(A) Provides an incentive or other benefit to a covered individual to encourage that covered individual to use a retail pharmacy, mail order

pharmacy, specialty pharmacy, or other entity providing pharmacy services:

(i) In which the pharmacy benefits manager has an ownership interest; or

(ii) That has an ownership interest in the pharmacy benefits manager; and

(B) Does not offer that same incentive or benefit to a covered individual to use a retail pharmacy, mail order pharmacy, specialty pharmacy, or other entity providing pharmacy services in the pharmacy benefits manager's network:

(i) In which the pharmacy benefits manager does not have an ownership interest; or

(ii) That has no ownership interest in the pharmacy benefits manager.

(c) A pharmacy benefits manager shall disclose to the commissioner of finance and administration any ownership interest of any kind with any parent company, subsidiary, or other organization that is related to the provision of pharmacy services, the provision of other prescription drug or device services, or a pharmaceutical manufacturer.

(d) A pharmacy benefits manager shall notify the commissioner in writing within thirty (30) days of any material change in the pharmacy benefits manager's ownership.

(e) This section shall apply to any state or local health insurance plan established under title 8, chapter 27.

(f) Pursuant to § 4-3-1021(c)(6), the department of finance and administration's audit and monitoring plan shall include a review of all benefits, incentives, and ownership interests of any kind for all state pharmacy benefits management contracts.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to contracts entered into or renewed on or after such date.